

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PM-04 H-02 L-03 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 AID-05 IO-13 /087 W

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R 052150Z AUG 76

FM AMEMBASSY SANTIAGO  
TO SECSTATE WASHDC 0714

C O N F I D E N T I A L SECTION 1 OF 2 SANTIAGO 7617

EO 11652: GDS

TAGS: ELAB, PINT, CI

SUBJECT: GOVERNMENT AT LOGGERHEADS WITH DEMOCRATIC TRADE  
UNIONISTS

1. SUMMARY: IN THE PAST TWO MONTHS, TEN LEADING LABOR  
LEADERS HAVE TWICE EXCHANGED PUBLISHED LETTERS WITH THE JUNTA  
AND MINISTER OF LABOR SERGIO FERNANDEZ, TO PRESS AN EXTRA-  
ORDINARILY POINTED ATTACK ON GOC LABOR AND ECONOMIC POLICIES.  
SO FAR THERE HAVE BEEN NO REPRISALS. THE LEADERS ARE WORRIED  
NOT ONLY ABOUT THE GOVERNMENT'S TENDENCY TO DISREGARD THEIR  
VIEWS AND LIMIT THEIR ACTIVITIES, BUT ALSO ABOUT THE WORKERS'  
DIFFICULT ECONOMIC PLIGHT. THE LABOR MINISTER'S REPLIES HAVE  
BEEN DISDAINFUL IN TONE AND LARGEY LIMITED TO CONTESTING  
THE LEADERS' RIGHT -- AS OPPOSED TO THE GOVERNMENT'S -- TO  
SPEAK FOR CHILEAN LABOR AS A WHOLE. THE LETTERS REVEAL A  
SHARP DIFFERENCE WITH REGARD TO THE PROPER ROLE OF ORGANIZED  
LABOR AND CHILE'S FUTURE. THE LEADERS HAVE PICKED UP OTHER  
TRADE UNION ADHERENCES AND ARE EMBOLDENED BY THEIR NEW UNITY  
AND BY WHAT THEY CONSIDER AFL-CIO SUPPORT. THE GOVERNMENT  
APPEARS UNDECIDED AS TO HOW TO HANDLE THIS CHALLENGE. END  
SUMMARY.

2. LETTER FROM LABOR: THE CURRENT DISPUTE BEGAN WITH A LONG  
LETTER OF MAY 28 TO PRESIDENT PINOCHET AND THE OTHER JUNTA  
MEMBERS FROM THE TEN UNION LEADERS. THE LETTER IS COURTEOUSLY  
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WORDED, BUT CRITICAL AND FIRM. THE THEME IS THAT THE

GOVERNMENT HAS PARALYZED TRADE UNION ACTIVITY DURING A PERIOD OF GRAVE ECONOMIC TRAVAL FOR THE WORKERS, AND THAT IT IS IMPLANTING A NEW SYSTEM OF LABOR ORGANIZATION THAT WILL AFFECT PROFOUNDING THE RELATIONSBETWEEN CAPITAL AND LABOR, AND THE INSTITUTIONAL ROLE OF ORGANIZED LABOR.

3. THE LETTER ASSERTS THAT THE GOVERNMENT INITIALLY JUSTIFIED ITS RESTRICTIONS ON ESTABLISHED TRADE UNION RIGHTS ON GROUNDS OF NATIONAL SECURITY. IT ASSERTS THAT GOC POLICY THEN MOVED TOWARD A PERMANENT "WEAKENING AND DISINTEGRATION OF THE TRADE UNION MOVEMENT." THE JUNTA'S PRINCIPAL LABOR LEGISLATION, AS PROMULGATED OR DRAFTED, IS SAID TO HAVE DISCLOSED AN INTENTION TO ELIMINATE TRADE UNIONS AS AN INTERMEDIARY BETWEEN THE WORKERS AND THE GOVERNMENT.

4. THE LETTER CRITICIZES GOVERNMENT ECONOMIC POLICY FOR AN ALLEGED 55-PERCENT FALL IN REAL WORKER INCOME SINCE JANUARY 1973, AND FOR WIDESPREAD UNEMPLOYMENT. IT CLAIMS THAT THE CONSUMER PRICE INDEX, USED AS THE BASIS FOR QUARTERLY WAGE READJUSTMENTS TO COMPENSATE FOR INFLATION, HAS GROSSLY UNDER-STATED THE PERCENT WORKERS SPEND FOR FOOD. FOOD PRICES, THE LETTER NOTES, HAVE RISEN 100 OR 200 PERCENT FASTER THAN THE CONSUMER PRICE INDEX AVERAGE.

5. THE LABOR LEADERS CONCLUDE WITH A MINIMUM PROGRAM OF IMPROVEMENTS WHICH, IF INTRODUCED IN TOTO, WOULD, THEY CONTEND, AMELIORATE LABOR'S ECONOMIC AND SOCIAL CRISIS. PRINCIPALLY THE PROGRAM CALLS FOR REASONABLE ARRANGEMENTS FOR COLLECTIVE BARGAINING IN THE REGIME'S NEW LABOR RELATIONS SYSTEM; AN INCREASE IN FAMILY ALLOWANCES AND MINIMUM WAGES; AND ADEQUATE WAGE READJUSTMENTS TO KEEP PACE WITH INFLATION. MORE FUNDAMENTALLY, IT REPEATS PREVIOUS REQUESTS THAT DECREE LAW 198 (DECEMBER 1973--RESTRICTING TRADE UNION RIGHTS) BE ABROGATED, AND THAT LABOR'S VIEWPOINTS ON PROPOSED LEGISLATION BE SERIOUSLY HEDED.

6. GOC REPLY: ON JUNE 25 LABOR MINISTER FERNANDEZ REPLIED IN PINOCHET'S NAME. HE WAS BRUSQUE AND DISDAINFUL. THE VIEWS OF THE LABOR LEADERS (WHO WERE ADDRESSED BY NAME ONLY, WITHOUT THEIR UNION TITLES) WERE DISMISED AS TOTALLY AT VARIANCE  
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WITH "THE NATIONAL REALITY" AND AS INDICATIVE OF "IGNORANCE" OF GOC LABOR POLICY AND ACCOMPLISHMENTS. FERNANDEZ DID NOT ADDRESS THE SPECIFIC POINTS OF THE UNION LEADERS' LETTER. HE BROADLY IMPLIED THAT THEY DID NOT SPEAK FOR THE "REAL" WORKERS, WHO "SUPPORT AND RECOGNIZE" THE GOVERNMENT, AND CAST DOUBT ON THEIR REPRESENTATIVE CHARACTER--"A SMALL GROUP OF LEADERS, HEREROGENEOUS AMONG THEMSELVES." THE GOVERNMENT WOULD NEVERTHELESS NOTE THEIR PROPOSALS, AND WOULD ADD THEM

TO THE OBSERVATIONS MADE WITHOUT PUBLICITY BY THE MAJOR ELEMENTS OF THE COUNTRY'S SOCIAL ORGANIZATION LEADERSHIP.

7. LABOR'S RIPOSTE: THE LABOR LEADERS' JULY 21 REPLY TO FERNANDEZ WAS EVEN SHARPER THAN THE FIRST LETTER. IT WAS UNREPENTANT: "OUR REALITY" IS THAT OF THE WORKERS' LIFE; IT IS THE GOVERNMENT AUTHORITIES WHO HAVE "A MISTAKEN IDEA OF REALITY." THE WORKERS HAVE HAD TO PAY FOR "AN ECONOMIC POLICY THEY NEVER AGREED TO AND WHOSE PUBLIC PROGNOSTICATIONS HAVE FAILED ROUNDLY." AND THE SPIRIT OF FERNANDEZ' LETTER WAS TOTALLY ALIEN TO THE WORKERS: "NOTHING IS MORE DAMAGING AND PERNICIOUS IN A SOCIETY THAN THE PATERNALISM OF THOSE WHO THINK THEY OWN THE TRUTH\*"

8. MOST IMPORTANT TO THE LEADERS, HOWEVER, WAS THE QUESTION OF THEIR STATUS AS REPRESENTATIVES OF LABOR. THEY CITED THE NUMBER OF ORGANIZATIONS FOR WHICH THEY SPOKE, AND NOTED THAT THEY HAD BEEN DEMOCRATICALLY ELECTED. THEY CITED THEIR RECOGNITION BY INTERNATIONAL LABOR ORGANIZATIONS, AND BY THE GOC ITSELF--WHEN IT NAMED SOME OF THEM TO THE CHILEAN DELEGATION TO HE 1974 ILO CONFERENCE AND LATER TO OFFICIAL TRIPARTITE COMMITTEES IN CHILE, AND ASKED THEM THEIR OPINIONS ON DRAFT LABOR/SOCIAL LEGISLATION. THE LEADERS CONCLUDED BY ADMITTING THAT THEIR PRESENT ELIGIBILITY TO REPRESENT THEIR UNION MEMBERS MIGHT REASONABLY BE QUESTIONED. THEY THEREFORE REQUESTED OFFICIALLY THAT TRADE UNION ELECTIONS BE HELD SO THAT CHILEAN LABOR LEADERSHIP COULD HAVE TRUE MORAL AUTHORITY.

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FM AMEMBASSY SANTIAGO  
TO SECSTATE WASHDC 0715

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9. MINISTER FERNANDEZ DISPOSED OF THIS LETTER BY MERELY REFERRING TO HIS FIRST REPLY AND REPORTEDLY COMMENTED DISPARAGING TO THE PRESS THAT THE LETTER WAS ONLY ONE OF DOZENS HE RECEIVED EVERY DAY.

10. THE EXCHANGES WERE REPORTED IN DETAIL IN THE SANTIAGO PRESS AND OTHER MEDIA, BUT FERNANDEZ' LAST LETTER DID NOT END THE DEBATE. GUILLERMO MEDINA, A PRO-JUNTA UNIONIST APPOINTED TO REPRESENT LABOR IN THE GOC'S NEW COUNCIL OF STATE, "ENERGETICALLY REPUDIATED" THE LABOR LEADERS' "DEMAGOGIC AND POLITICAL VIEWPOINT AND IDENTIFIED IT WITH THAT OF CHILE'S CRITICS ABROAD. HE SPECIFICALLY ATTACKED THE CREDENTIALS OF GUILLERMO SANTANA, COPPER CONFEDERATION (CTC) PRESIDENT, WHO IS ONE OF THE TEN LEADERS. SANTANA IMMEDIATELY REPLIED WITH A BLISTERING ATTACK, AND THE CTC COUNCIL FOLLOWED UP WITH DETAILS OF MEDINA' HISTORY OF POLITICAL OPPORTUNISM ("HIS SHIFTING DEDICATION IS A CHARACTERISTIC OF HIS POLITICAL PAST"). MEANWHILE, THREE MORE LABOR LEADERS HAVE RALLIED TO SUPPORT OF THE ORIGINAL TEN. THE GROUP, NOW KNOWN AS THE "DINAMICOS," REPRESENTS A MAJORITY OF CHILE'S ORGANIZED WORKERS.

11. COMMENT: THE EMBASSY DOES NOT RECALL SUCH A SUSTAINED SERIES OF SHARP CRITICISMS OF THIS GOVERNMENT ON SO DELICATE A SUBJECT AS LABOR ORGANIZATION RIGHTS. LABOR'S LETTERS SHOW CONFIDENTIAL

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AN ASSERTIVENESS THAT COULD INDICATE EITHER DESPERATION OR GROWING SELF-CONFIDENCE. DEPRIVED OF THE TRADITIONAL MEANS OF GAINING SUPPORT, THE UNION LEADERS FEEL THEMSELVES UNDER PRESSURE FROM THE WORKERS TO PROTECT THEIR INTERESTS AS BEST THEY CAN; THEIR AGGRESSIVENESS STEMS IN PART FROM THIS FACTOR. ON THE OTHER HAND, THEY FEEL PROTECTED BY WHAT THEY CONSIDER THEIR CLOSE TIES WITH THE AFL-CIO, AND TO A LESSER EXTENT, WITH THE EMBASSY AND AIFLD. (THEIR APPRECIATION FOR THE WORK OF EMBASSY LABOR ATTACHE ARTHUR NIXON WAS SHOWN JULY 31, WHEN OVER 400 PEOPLE FETED HIM BEFORE HIS DEPARTURE.)

12. MOST OF THESE LEADERS ARE AS ANTI-MARXIST AS THE MILITARY JUNTA. THEY OFFERED THEIR COLLABORATION TO THE GOVERNMENT AFTER THE 1973 COUP. THEY GRADUALLY BECAME DISILLUSIONED AS THEY FOUND THAT TEMPORARY RESTRICTIVE MEASURES WERE BECOMING PERMANENT, THAT THE GOVERNMENT'S IDEAS AS TO THE NEW CHILE LEFT LITTLE ROOM FOR TRADITIONAL TRADE UNION ACTIVITIES, AND THAT GOVERNMENT ECONOMIC POLICY IN THEIR EYES DISCRIMINATED AGAINST THE WORKERS. THEY LOOK AT CURRENT DEVELOPMENTS FROM THE STANDPOINT OF THEIR EFFECT ON HARD-WON, TRADITIONAL CHILEAN LABOR RIGHTS. THEY SEE ORGANIZATION ON A SECTORAL

BASIS AS THE ONLY EFFECTIVE WAY TO PROTECT LABOR'S INTERESTS-- PARTICULARLY AS A FREE MARKET ECONOMY IS BEING FOSTERED BY CURRENT GOC POLICY, UNDR WHICH CAPITAL HAS MUCH MORE FREEDOM THAN LABOR TO TAKE CARE OF ITSELF.

13. SENIOR GOVERNMENT LEADERS ARE NOT USED TO SUCH FRANKNESS. THEY TEND TO ASCRIBE HOSTILE MOTIVES TO UNFRIENDLY CRITICS AND TO CONSIDER DISSENT AS INSUBORDINATION, IF NOT TREASON. MORE IMPORTANT, THE GOVERNMENT CONTENDS THAT IT APPROACHES POLICY FROM A NATIONAL STANDPOINT, THAT IT SAFEGUARDS THE OVERALL NATIONAL INTEREST, AND THAT IT TRIES TO AVOID FAVORING PARTICULAR INTEREST GROUPS AT THE EXPENSE OF THE COMMON GOOD. ORGANIZED LABOR'S OPPOSITION CONFLICTS WITH THE GOVERNMENT'S DESIRE TO CREATE A HARMONIOUS SOCIETY IN WHICH THE DIFFERENCES OF TRADITIONALLY COMPETITIVE SECTORS ARE RESOLVED AS THEY TOGETHER SUPPORT THE REGIME IN ITS PURSUIT OF THE NATIONAL INTEREST.

14. AT THE MOMENT, COMMUNICATION BETWEEN THE TWO SIDES SEEMS TO HAVE CEASED. MUTUAL SUSPICIONS ARE OBVIOUSLY CONFIDENTIAL

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INTENSE. WE ASSUME THE GOVERNMENT IS PONDERING ITS NEXT MOVE; WE DOUBT THAT MATTERS CAN REMAIN INDEFINITELY IN THEIR PRESENT STATE.

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## Message Attributes

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